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Lords call for action on gender pensions gap; state pension corrections to be made by 2024

By Sophie Smith  14/7/21

Members of the House of Lords have called for “urgent attention” on gender pensions gap issues after concerns were raised over the adequacy of pension provisions and the need to address historical issues around the underpayment of state pension.

Baroness Ros Altmann queried how the government plans to narrow the gender pensions gap, and what assessment has been made of the under-payments of state pension to married women and to the reduced private pension contributions associated with female work patterns in development of those plans.

Issues around the underpayment of state pensions were highlighted by [LCP in March 2020](#) after it was revealed that “tens of thousands” of women were not receiving the correct state pension uplifts, with the government expected to face a [more than £3bn bill](#) to address the errors.

Commenting in response to the query, Baroness Scott of Bybrook, stated: “This government recognise the challenge of the gender pensions gap resulting from historical differences in labour market participation.

“Through automatic enrolment and the new state pension, we are enabling more women to build up pension provisions in their own right, reducing historical inequalities in the pensions system.

“We are fully committed to addressing the historical state pension errors and ensuring that the individuals affected receive the state pension they are rightfully due in law.”

In particular, Scott confirmed that the DWP is working “extremely hard” on making sure that the underpayments are repaid, with a team of 360 people working on this, in line with the expectation that all underpayments will be paid by the end of 2024.

She also confirmed that estimated costs and data in the department’s annual reports and accounts would be published “shortly”.

However, Altmann emphasised that there has been little improvement in the gender pensions gap over the past five years, asking what specific workstream there is with targets for reducing the number of women with lower state and private pensions.

Alongside this, she also asked for further explanation as to why married women did not receive automatic state pension uplifts after 2008, requesting a meeting to discuss improving women’s pensions further.

Whilst Scott agreed to a meeting, she suggested that analysis of those who have several jobs that individually fall below the lower earnings limit has shown that this is not usually a long-term working pattern, with most people still likely to build up sufficient qualifying years to maximise their state pension.

Lord Davies of Brixton, however, argued that the update had left the HoL “none the wiser”, querying whether there is a pattern that is not historical, “since it is still happening, and not just through the continued discrimination against women in employment”.

“There is also the clear failure to offer any pension to women on lower levels of pay on top of the inadequate new state pension,” he continued.

“This pattern needs urgent attention. Governments can defer legislation that everyone agrees is necessary, but women cannot defer when they need a decent pension.”

Adding to this, Labour Baroness Warwick of Undercliffe highlighted concerns that women may struggle to increase their pension savings above the current level.

In light of this, she called on the government to consider a flat rate of tax relief on pension contributions, set above 20 per cent so as to improve the retirement income position of low to moderate earners.

In her response, Scott highlighted this as an “interesting point”, clarifying that whilst it is not in the government plans to deliver this, she would take it back to the department and “discuss it further”.

However, whilst broader concerns were raised over the current rates of pensioner poverty and suggestions that a universal basic pension should be introduced, Scott confirmed that the government has no plans to look at the basic pension.

Concerns over the triple lock was also raised amid the debate, although Scott emphasised that “today’s working-age people are tomorrow’s pensioners”, suggesting that future generations of pensioners, not just the current ones, will benefit from the uprating approach.

She also disagreed with the assertion from Baroness Wheatcroft that the triple lock "enshrines the inequality in the pensions received by men and women", highlighting it as the "foundation of support for older people".

"It is important that we consider that every year and ensure that we keep that fairness for both pensioners and taxpayers," Scott stated.
